

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05
COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03 CIEP-01
LAB-04 SIL-01 OMB-01 /085 W
-----102013Z 126361 /65

R 101756Z JAN 76
FM AMEMBASSY ROME
TO SECSTATE WASHDC 2095
INFO AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS
DIA
USMISSION NATO
USCINCEUR, VAIHINGEN, GERMANY
AMCONSUL FLORENCE
AMCONSUL MILAN
AMCONSUL NAPLES
US DOCOSOUTH
SHAPEUSNR

C O N F I D E N T I A L SECTION 1 OF 2 ROME 349

US DOCOSOUTH FOR INTAF

SHAPEUSNR FOR POLAD

E.O. 11652: GDS
TAGS: PINT, IT
SUBJECT: ECONOMIC QUESTION AT CENTER AS PARLIAMENT RECONVENES

SUMMARY: WITH GOVERNMENT-UNION NEGOTIATIONS STALEMATED
ON THE LABOR COST ISSUE, POLITICAL ACTIVITY RESUMES
AFTER THE PARLIAMENTARY CHRISTMAS RECESS IN AN ATMOSPHERE OF
TENSENESS AND UNCERTAINTY. THE INABILITY SO FAR TO REACH
AGREEMENT WITH THE UNIONS ON MODIFICATION OF THE "SCALA
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MOBILE" CONSTITUTES THE SEVEREST TEST TO DATE FOR BOTH THE
ANDREOTTI GOVERNMENT AND THE COMMUNISTS. TO THE DC, THE
LEFT'S PROPOSAL FOR AN ECONOMIC SUMMIT OF PARTY SECRE-
TARIES WAS UNACCEPTABLE IN THAT IT COULD ALTER THE POLITICAL
FRAMEWORK BY IMPOSING, IN EFFECT, AN EMERGENCY GOVERN-
MENT DIRECTORATE. TO THE PCI, ANDREOTTI'S OFFER OF A

MEETING ON A SPECIFIC ISSUE (SUCH AS THE SCALA MOBILE)
DID NOT GO FAR ENOUGH TO INSTITUTIONALIZE EMERGENCY
COORDINATION OF GOVERNMENT POLICY. A COMPROMISE ACCEPTABLE
TO ALL PARTIES SEEMS TO HAVE BEEN FOUND IN DC CHAMBER
WHIP PICCOLI'S JAN. 9 PROPOSAL FOR PERIODIC
MEETINGS IN PARLIAMENT OF THE PARLIAMENTARY GROUP
HEADS (ASSISTED BY ECONOMIC ADVISORS) TO COORDINATE
ECONOMIC POLICY. END SUMMARY.

1. BOTH THE GOVERNMENT AND THE THREE LABOR FEDERATIONS
HAVE MADE THEIR POSITIONS CLEAR. IN ESSENCE, ANDREOTTI
CONTINUES TO INSIST ON FURTHER MODIFICATION OF THE WAGE
INDEXATION MECHANISM. THE UNIONS AGREE SOMETHING
MUST BE DONE TO REDUCE LABOR COSTS, BUT THAT THE
"SCALA MOBILE" ITSELF MUST NOT BE TOUCHED.

2. ANDREOTTI HAS SAID THAT, UNDER THE CIRCUMSTANCES,
HE WILL HAVE TO TAKE THE ISSUE TO PARLIAMENT. THIS
PLACES THE LEFT--THE SOCIALISTS AND PARTICULARLY THE
COMMUNISTS--IN AN UNCOMFORTABLE DILEMMA. THE PCI
WILL HAVE TO CHART A PERILOUS COURSE BETWEEN SUPPORTING
GOVERNMENT PROPOSALS (WHICH LABOR HAS REJECTED) AND
PROVOKING A GOVERNMENT CRISIS AND FURTHER
AGGRAVATION OF THE ECONOMIC SITUATION (WHICH ITS LEADERS
HAVE FREQUENTLY TERMED AN UNACCEPTABLE ALTERNATIVE).
THE ISSUE WILL UNDOUBTEDLY NOT PRESENT ITSELF IN SUCH
STARK TERMS. HOWEVER, THE SPOTLIGHT WILL NONETHELESS
BE ON MR. BERLINGUER, AND THE OUTCOME WILL DEPEND IN
LARGE PART ON THE PRICE THAT BOTH THE DC AND THE PCI
ARE WILLING TO PAY.
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3. THE PROGNOSIS WOULD BE BLEAK INDEED WERE IT NOT FOR
ONE POSITIVE ELEMENT: THE CONTINUING CONSENSUS OF ALL
THE PARTIES THAT THE ANDREOTTI GOVERNMENT MUST NOT BE
ALLOWED TO FALL AT THIS TIME. EVEN THE SOCIALISTS,
WHO HAVE STAKED OUT THE MOST MILITANT POSITION ON LABOR
COSTS IN FURTHERANCE OF THEIR AUTONOMIST STRATEGY,
QUICKLY REPUDIATED THE WILDER STATEMENTS OF SOME PSI
RADICALS WHICH SUGGESTED PUTTING THE GOVERNMENT INTO
CRISIS. THE PARTIES ARE THEREFORE ALL SEEKING A FORMULA
TO DEAL WITH THE UNCOMFORTABLE ISSUE IN A WAY THAT WILL
BEST FURTHER THEIR INTERESTS WITHOUT JEOPARDIZING THE
EXISTENCE OF THE "MONOCOLORE" ITSELF.

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LAB-04 SIL-01 OMB-01 /085 W
-----102014Z 126842 /65

R 101756Z JAN 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 2096
INFO AMEMBASSY BONN
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DIA
USMISSION NATO
USCINCEUR, NAIHINGEN, GERMANY
AMCONSUL FLORENCE
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4. DURING THE CHRISTMAS RECESS, A NUMBER OF SOCIALIST
LEADERS DUSTED OFF LA MALFA'S ORIGINAL PROPOSAL (ITSELF
A SPIN-OFF OF BERLINGUER'S OCTOBER "COLLEGIAL MEETINGS"
CONCEPT) FOR AN "ECONOMIC SUMMIT" BETWEEN THE SECRETARIES
OF ALL THE PARTIES OF THE CONSTITUTIONAL ARC ON ECONOMIC
POLICY. THE PROPOSAL WAS ADVANCED DESPITE ANDREOTTI'S
AND THE DC'S FIRM REJECTION OF COLLEGIAL MEETINGS ON
GENERAL TOPICS (ROME 20864) ON THE GROUND THAT THEY
WOULD ALTER THE EXISTING POLITICAL FRAMEWORK BY
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IMPOSING IN EFFECT AN EMERGENCY GOVERNMENT DIRECTORATE
OVER THE "MONOCOLORE." ALTHOUGH THE PSI PROPOSALS
WON EXPECTED SUPORT FROM THE PRI, THE PCI ADOPTED
A CAUTIOUS STANCE. SOCIALIST LEADER CRAXI HIMSELF

BACKED OFF BY EMPHASIZING THAT THE PSI HAD NOT ADVANCED THE ORIGINAL PROPOSAL FOR A COLLEGIAL MEETING AND ASSURING EVERYONE THAT THE PSI WOULD NOT PRECIPITATE A GOVERNMENT CRISIS OVER THE ISSUE.

5. THE COMMUNISTS, ON THE OTHER HAND, WERE NOT ENAMORED WITH ANDREOTTI'S COUNTER-PROPOSAL: A MEETING OF PARTY SECRETARIES TO DISCUSS A SPECIFIC ISSUE SUCH AS THE SCALA MOBILE. NOT ONLY WOULD IT NOT HELP IN INSTITUTIONALIZING THE "EMERGENCY DIRECTORATE" CONCEPT, THE SPECIFIC MEETING WOULD ALSO PUT THE PCI IN THE PUBLIC SPOTLIGHT ON AN UNCOMFORTABLE POLITICAL ISSUE. THE COMMUNISTS WOULD BE UNABLE TO SUBMERGE IT IN THE CONTEXT OF BROADER ECONOMIC PROPOSALS AND CONCESSIONS. WITHOUT SPECIFYING DETAILS, PCI ECONOMIC EXPERT BARCA CALLED FOR PARTY CONSULTATIONS "WHICH GO BEYOND THE EXAMINATION OF SINGLE MEASURES."

6. THE IMMEDIATE WAY OUT SEEMS TO LIE IN A PROPOSAL SUGGESTED JAN. 9 BY DC CHAMBER WHIP PICCOLI FOR THE PARLIAMENTARY GROUP CHIEFS OF ALL THE PARTIES TO MEET PERIODICALLY IN PARLIAMENT TO COORDINATE ECONOMIC POLICY. THEY WOULD BE ASSISTED BY A SMALL NUMBER OF ECONOMIC EXPERTS FROM EACH PARTY. PICCOLI WILL PRESENT THE PROPOSAL FORMALLY TO THE DC DIRECTORATE ON JAN. 12, BUT IT IS ALREADY CLEAR THAT THE OTHER PARTIES--FROM THE PCI TO THE LIBERALS--ENDORSE THE IDEA. CHIAROMONTE FOR THE PCI AND MACA FOR THE PSI DECLARED THEIR PARTY'S READINESS TO PARTICIPATE IN RESTRICTED PARLIAMENTARY MEETINGS.

7. COMMENT: THE DC'S PROPOSAL IS CLEARLY DESIGNED
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TO KEEP THE LOCUS OF THE POLITICAL "CONFRONTO" IN PARLIAMENT AND TO WARD OFF FURTHER PRESSURES FOR INSTITUTIONALIZED COLLEGIAL MEETINGS AT THE PARTY SECRETARY LEVEL. IT IS ACCEPTABLE TO THE DC SINCE IT DOES NOT ENGAGE THE GOVERNMENT DIRECTLY. WHILE THIS MAY SEEM TO BE A SOMEWHAT THEORETICAL POINT, ANDREOTTI AND THE DC HAVE CONSISTENTLY INSISTED ON THE NECESSITY OF MAINTAINING AN UNAMBIGUOUS DISTINCTION BETWEEN THE GOVERNMENT'S RESPONSIBILITY TO GOVERN AND THE PROCESS OF INTER-PARTY CONSULTATION. THE DC HAS AT LEAST TEMPORARILY MET THE LEFT'S DEMAND FOR GREATER PARTICIPATION IN POLICY FORMATION WITHOUT COMPROMISING THE GOVERNMENT'S LEADERSHIP ROLE. VOLPE

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLITICAL SITUATION, REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 10-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME00349
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: n/a
Expiration:
Film Number: D770009-0453
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770189/aaaafriid.tel
Line Count: 225
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON MICROFILM, TEXT ON-LINE
Message ID: 71ede4dd-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3677031
Secure: OPEN
Status: <DBA CORRECTED> mcm 970828
Subject: ECONOMIC QUESTION AT CENTER AS PARLIAMENT RECONVENES SUMMARY: WITH GOVERNMENT-UNION NEGOTIATIONS
STALEMATED ON THE LABOR COST ISSUE, POLITICAL ACTIV ITY RESUME
TAGS: PINT, IT, PINT
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/71ede4dd-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009